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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
)
Assessment and Collection) MD Docket No. 95-3
of Regulatory Fees for)
Fiscal Year 1995)

COMMENTS

The National Exchange Carrier Association, Inc.¹ (NECA) submits these Comments in response to the Commission's January 12, 1995, Notice of Proposed Rulemaking² concerning regulatory fees. These Comments focus on the Notice proposals for alternative methods for calculating regulatory fees for the common carrier category.³ These alternative methods represent a significant modification to existing methods. The Commission seeks comment concerning the most efficient and equitable method for the assessment of regulatory fees.⁴

For Fiscal Year (FY) 1994, NECA processed regulatory fees on behalf of exchange carriers (ECs) who elected that option and submitted the consolidated fees as a single payment to the Commission. NECA would like to continue to facilitate collection of regulatory fees.

¹ NECA is a not-for-profit, membership association. NECA members serve over 1,400 local exchange carrier study areas.

² Assessment and Collection of Regulatory Fees for Fiscal Year 1995, Notice of Proposed Rulemaking, FCC 95-14, MD Docket No. 95-3, released January 12, 1995 (Notice).

³ Id. at para. 58.

⁴ Id.

In the Notice, the Commission proposes alternative methods for calculating regulatory fees. These methods vary significantly from the previously used allocation method.⁵ The methodology proposed suggests calculating carrier fees based on the number of customer units provided by a carrier as of December 31, 1994.⁶ For access service provided by local exchange carriers, the first proposal would determine customer units based on presubscribed lines (PSLs), including pay telephones, and special access capacity.⁷ The number of PSLs would be as described in section 69.116 of the Commission's Rules (47 C.F.R. § 69.116).⁸ For non-switched services, including special access, the total capacity provided to customers would be measured as voice equivalent lines.⁹

PSL information needed for EC fee calculations is currently available. However, ECs will need to add complex administrative procedures and methodologies to determine the voice

⁵ Id. at paras. 58-60. NECA filed Comments on April 7, 1994 in response to the Commission's March 11, 1994 order: Implementation of Section 9 of the Communications Act; Assessment and Collection of Regulatory Fees for the 1994 Fiscal Year, MD Docket No. 94 -19, Notice of Proposed Rulemaking, 9 FCC Rcd 6957 (1994). NECA comments volunteered to process regulatory fees on behalf of ECs. NECA noted that the term "access lines" required clarification by the Commission, and to ensure uniformity and verifiability, NECA recommended using the USF loop count specified in section 36.611(a)(8) as the allocator for calculating EC regulatory fees. The resulting Order specified that USF loop counts would be the measurement device and that NECA could consolidate EC payments. See Implementation of Section 9 of the Communications Act; Assessment and Collection of Regulatory Fees for the 1994 Fiscal Year, MD Docket No. 94 -19, Report and Order, 9 FCC Rcd 5333, 5365 - 5366 (1994). For FY 1994, NECA processed and submitted regulatory fees for approximately 800 ECs.

⁶ Notice at para. 59.

⁷ Id.

⁸ Id.

⁹ Id.

equivalent line information. Similar fee calculations based on PSLs and capacity are proposed for interexchange carriers (IXCs).¹⁰ Either PSLs alone, or last year's USF loop methodology are preferable to the added administrative requirements associated with voice equivalent lines.

The FCC-proposed alternative to this methodology for ECs and IXCs would be to use the number of minutes of interstate service in calendar year 1994 as the customer unit for carrier fees.¹¹ For access service provided by ECs, the number of interstate minutes would equal the number of originating and terminating access minutes.¹² For timed interstate service other than access, billed minutes would be used.¹³ For non-timed services, the Notice proposes a revenue-based formula to derive minutes of use (MOUs) for regulatory fee purposes.¹⁴

NECA believes that charges or allocations based on minutes of use do not promote efficiency. Historically, MOU data has wide monthly variations, has limited verifiability, and may not reflect current customer composition. The current minutes of use proposal is both administratively burdensome and may be based on questionable crossover assumptions. Specifically, the Commission proposes to estimate minutes as the billed revenue in dollars times ten.¹⁵ This requirement to drive "theoretical" minutes on non-measured services adds both unnecessary administrative procedures and as the Commission stated in its Notice, "a lower bound

¹⁰ Id.

¹¹ Id. at para. 60.

¹² Id.

¹³ Id.

¹⁴ Id.

¹⁵ Id.

of minutes" which does not reflect the true figures for high capacity services.¹⁶ Additionally, the Commission's calculation of the fee per minute is based on minutes reported for the first half of 1994 times two.¹⁷ An allocation using only the first six months of the year does not accurately reflect differences among carriers' seasonal business and growth rates.

NECA will continue to process and submit regulatory fees for ECs, provided that it receives concurrence from both the Commission and ECs, and that it is administratively practicable. For the reasons above, NECA would not recommend MOUs as the regulatory fee vehicle. Moreover, NECA believes that another alternative would accomplish the Commission's goals better than any of the current proposals. This alternative would be to adopt the data and methodology currently in use for shared Telecommunications Relay Service (TRS) funding for regulatory fees.

NECA has had experience using the TRS model. The TRS model would capture the desired payers equitably through the use of an interstate revenue base. It can be administered with ease, and it uses readily available and externally verifiable data. This model would coincide with the Commission's goal to extend fee requirements to other providers of interstate communications services.¹⁸ In addition, this alternative would also provide the Commission with fees allocated to special access without special data collections or administratively difficult analyses.

ECs could base their regulatory fees on the submitted TRS data or the Commission could

¹⁶ Id.

¹⁷ Id. at n. 22.

¹⁸ Id. at para. 56.

direct the TRS administrator to provide statement amounts to all parties with interstate telecommunications revenues. The TRS administrator could also provide the additional service of collecting and submitting regulatory fees to the Commission, on behalf of the industry, if so directed. This procedure would appear to offer many administrative efficiencies for both the payers and the Commission.

In conclusion, NECA is ready to assist in the process of collecting regulatory fees. For ECs, customer units based on USF working loops, or PSLs alone, would be workable. NECA believes that the TRS model would also advance the Commission's goals of calculating regulatory fees in an efficient and equitable manner and is deserving of careful consideration.

Respectfully submitted,

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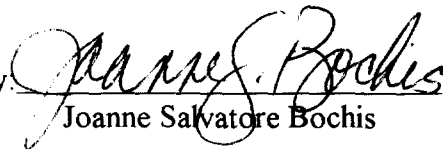
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